

# Indiana House of Representatives

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## News and Information

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### **REP. JOE MICON'S STATEHOUSE REPORT**

INDIANAPOLIS – Even though it was a short work week at the Indiana General Assembly, the past few days have helped outline the course of the 2005 legislative session.

On Tuesday (January 18), Gov. Mitch Daniels presented his first State of the State speech. These traditional addresses, usually broadcast statewide, give the governor a chance to outline his policies and priorities and enable the people of Indiana to gain some insights into the visions and philosophies of the state's leader.

Indiana House members already have acted on a portion of the agenda outlined in the State of the State. We have streamlined the operations of the Indiana Economic Development Corporation that will lead our efforts to create new jobs, and we have approved a measure creating a temporary amnesty for delinquent taxpayers.

The governor spent little time on specific economic issues in his speech, apart from restating his support for a plan that would bring daylight-saving time to Indiana.

Much more time was devoted to issues surrounding our state's budget and the future course of public education in Indiana. While I applaud the governor's commitment toward improvements in both areas, I have some concerns about how he intends to reach those goals.

The governor said he would freeze funding for schools at current levels. A freeze fails to recognize the ongoing costs of operation that all schools face on a regular basis, such as utilities and insurance, which forces local officials to find local means to fund those increases. The only alternatives would be to either raise local taxes or cut programs and staff and consider increased class sizes.

Another troubling proposal would be to eliminate minimum funding guarantees for schools. If this plan takes effect, present estimates are that 244 of the state's 293 school corporations would lose significant state support. This would impact schools across Indiana, rural and urban alike.

On budget issues, the administration has announced plans to limit spending on health care for the elderly and disabled through the Medicaid program. The governor also said he would cap the amount of money that the state provides to local governments in property tax relief, another move that could force local property tax increases.

All of these ideas are proposed to eliminate a deficit in the biennial state budget, but the most interesting part of the governor's plan is a temporary income tax increase for individuals, families and small business owners making more than \$100,000 a year.

It will be interesting to see how a tax increase will be handled by a Legislature containing a number of lawmakers who have signed pledges to vote against any and all efforts to raise taxes. House and Senate leaders have made it clear they believe we can balance the state budget without tax increases, and I intend to hold them to their word.

Thanks to bipartisan educational reforms like ISTEP and the A-plus program and the hard work of dedicated public servants like state Superintendent of Public Instruction Suellen Reed, we are seeing improvements in performance in our classrooms.

We are seeing the impact of both tax restructuring and the Energize Indiana job creation and retention program, bipartisan initiatives that have become law over the past few years.

Economists now are predicting drops in the state's unemployment rate, as well as growth in personal income. Indiana's business climate ranks as the best in this section of the country, and among the best in the entire U.S.

Because of these improvements, revenues are on the upswing, and our state treasury is benefitting from it. Our combined reserve balances have increased by 10 times, and our budget deficit has gone down.

We are not out of the woods by any means, but things are improving. The state Legislature and Gov. Daniels must work cooperatively in the coming months to pass a state budget that doesn't include an income tax hike, provides more than a spending freeze for K-12 and higher education, and that is fair to schools with growing, static and declining enrollments alike.

In other news this week, the Indiana Court of Appeals took an important step in defending a 1997 state law championed by House Democrats that clearly defines marriage as between a man and a woman. I am pleased to see that the court agrees that Indiana's law banning same-sex marriages is constitutional.

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